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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of THE COMMISSIONER OF BUSINESS OVERSIGHT,)	CRD ID: 4880813
)	
Complainant,)	STATEMENT OF ISSUES TO BAR JOSEPH
)	N. FAHMY, FROM ANY POSITION OF
v.)	EMPLOYMENT, MANAGEMENT OR
)	CONTROL OF ANY INVESTMENT
JOSEPH N. FAHMY,)	ADVISER OR BROKER-DEALER
)	(CORPORATIONS CODE SECTION 25232.1)
Respondent.)	
)	
)	
)	

Jan Lynn Owen, the Commissioner of Business Oversight ("Commissioner"), alleges and charges as follows:

I

Jurisdiction and Venue

1. The Commissioner brings this bar action under the provisions of Corporations Code section 25232.1, and the rules and regulations promulgated thereunder.

2. The Commissioner, as head of the Department of Business Oversight (“Department”), is authorized to administer and enforce the provisions of the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) and the regulations promulgated under title 10 of the California Code of Regulations (Cal. Code Regs., tit.10, § 260.000 et seq.).

II

Statement of Facts

3. Joseph N. Fahmy (“Fahmy”) (CRD no. 4880813) is a Massachusetts resident and employee of Zor Capital, LLC (“Zor Capital”), a New York limited liability company, authorized to transact business in California.

4. Zor Capital has an address of 290 Sprain Road, Scarsdale, New York. Zor Capital is a New York-based investment management firm, registered as an investment adviser with the State of New York (CRD no. 156830).

5. On or about December 22, 2015, Zor Capital filed an application for an investment adviser certificate with the State of California through the Investment Adviser Registration Depository (“IARD”). A review of the company’s application, a FORM ADV, disclosed that Fahmy, Zor Capital’s employee, is currently barred by The Commonwealth of Massachusetts, Secretary of the Commonwealth, Securities Division.

6. Zor Capital’s investment adviser certificate application is still pending approval by the Commissioner.

7. A review of the Massachusetts consent order disclosed that Fahmy is barred from operating as a broker-dealer agent or investment adviser representative within or for the residents of the Commonwealth of Massachusetts, and barred from registering as a broker-dealer agent or investment adviser representative within the Commonwealth, for a period of eight years, beginning February 26, 2013. Massachusetts securities regulators found Fahmy had acted as an investment adviser, soliciting and receiving compensation from Massachusetts residents for his investment advisory services, during the period from at least January 1, 2009 to 2013. Fahmy did not hold a

certificate or license to transact business as an investment adviser or investment adviser representative within the state.

8. Massachusetts' February 26, 2013 consent order remains in effect.

III

Fahmy Should be Barred from Any Position of Employment, Management or Control of Any Investment-Adviser

9. Corporations Code section 25232.1 provides:

The commissioner may, after appropriate notice and opportunity for hearing, by order censure, or suspend for a period not exceeding 12 months, or bar from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser, any officer, director, partner, employee of, or person performing similar functions for, an investment adviser, or any other person, if he or she finds that the censure, suspension or bar is in the public interest and that the person has committed any act or omission enumerated in subdivision (a), (e), (f), or (g) of Section 25232 or has been convicted of any offense or held liable in any civil action specified in subdivision (b) of Section 25232 or is enjoined from any act, conduct or practice specified in subdivision (c) of Section 25232 or is subject to any order specified in subdivision (d) of Section 25232.

10. Corporations Code section 25232, in relevant part, provides:

(d) Is or has been subject to . . . (3) any other order of the commission or any administrator, association, or exchange referred to in this subdivision which is or has been necessary for the protection of any investor.

11. As discussed in paragraph 7., above, The Commonwealth of Massachusetts, Secretary of the Commonwealth, Securities Division, "in the best interest of the public and for the protection of investors," issued a consent order, dated February 26, 2013, barring Fahmy from acting as a broker-dealer agent or investment adviser representative within Massachusetts for a period of at least eight years.

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IV

Conclusion

Massachusetts' eight-year bar order entered against Fahmy gives the Commissioner cause to bar him from any position of employment, management or control of any investment adviser or broker-dealer under the Corporate Securities Law of 1968.

WHEREFORE, based on the foregoing, the Commissioner finds it is in the public interest to bar Fahmy from any position of employment, management or control of any investment adviser or broker-dealer under Corporations Code section 25232.1.

Dated: October 11, 2016
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
BLAINE A. NOBLETT
Senior Counsel
Enforcement Division